ACID RAIN PROGRAM PERMIT

Dynegy Midwest Generation, Inc.

Attn: James Dodson, Designated Representative

2828 North Monroe Street Decatur, Illinois 62526-3269

Oris No.: 892

IEPA I.D. No.: 155010AAA

Source/Unit: Hennepin Power Station/ Units 1 and 2

<u>Date Received:</u> December 10, 2003

Date Issued: March 21, 2005

Effective Date: January 1, 2005 Expiration Date: December 31, 2009

STATEMENT OF BASIS:

In accordance with Titles IV and V of the Clean Air Act, the Illinois Environmental Protection Agency is issuing this Acid Rain Program Permit to Dynegy Midwest Generation, Inc. for its Hennepin Power Station.

SULFUR DIOXIDE (SO₂) ALLOCATIONS AND NITROGEN OXIDES (NO_x) LIMITS FOR EACH AFFECTED UNIT:

	SO ₂ Allowances,	2005	2006	2007	2008	2009
V D W T 4	under Tables 2, 3,	• • • •			• • • • •	
UNIT 1	or 4 of 40 CFR Part 2018	2018	2018	2018	2018	2018
	/3					
	NO _x Limit	See I	Provisions fo	r NO _x Avera	ging Plan, B	Below

^{*} Also includes return of repowering deduction of 1 allowance, which was returned by USEPA on October 30, 2000.

	SO ₂ Allowances,	2005	2006	2007	2008	2009
UNIT 2	under Tables 2, 3, or 4 of 40 CFR Part 73*	7940	7940	7940	7940	7940
	NO _x Limit	See Provisions for NO _x Averaging Plan			iging Plan, B	Below

^{*} Also includes return of repowering deduction of 2 allowances, which were returned by USEPA on October 30, 2000.

NO_X EMISSIONS AVERAGING PLAN

Pursuant to 40 CFR 76.11, the Illinois EPA approves a NO_x emissions averaging plan that includes the above affected units, effective for calendar years 2005 through 2009 (attached). Under this plan, except as provided below, the NOx emissions of Hennepin Units 1 and 2 each shall not exceed the annual average alternative contemporaneous emission limitation of 0.40 lb/mmBtu. In addition, Hennepin Unit 2 shall not have an annual heat input less than 15,000,000 million Btu.

Under this plan, the actual Btu-weighted annual average NO_x emission rate for the units in the plan shall be less than or equal to the Btu-weighted annual average NO_x emission rate for the same units had they each been operated during that calendar year in compliance with the applicable emission limitation under 40 CFR 76.5, 76.6, or 76.7. If the designated representative demonstrates that the requirement of the prior sentence (as set forth in 40 CFR 76.11(d)(1)(ii)(A)) is met for a year under the plan, then the units covered by the plan shall be deemed to be in compliance for that year with their alternative contemporaneous annual emission limitations and any annual heat input limits.

PERMIT APPLICATION: The permit application, including the NO_x Compliance Plan and NO_x Averaging Plan, is attached and incorporated as part of this permit. The owners and operators of this source must comply with the standard requirements and special provisions set forth in the application.

COMMENTS, NOTES, AND JUSTIFICATIONS: This permit contains provisions related to SO₂ emissions and requires the owners and operators to hold SO₂ allowances under the federal Acid Rain program to account for SO₂ emissions from the affected units. An allowance is a limited authorization to emit up to one ton of SO₂ during or after a specified calendar year. The transfer of allowances to and from a unit account does not necessitate a revision to the unit SO₂ allocations denoted in this permit (See 40 CFR 72.84).

This permit contains provisions related to NO_x emissions requiring affected units to comply with applicable emission limitations for NO_x under the Acid Rain program. Pursuant to 40 CFR 76.11, the Illinois EPA is approving a NO_x emission averaging plan that includes Hennepin Units 1 and 2 for calendars years 2005 though 2009. (The Illinois EPA is not approving the plan for 2010, which is beyond the term of the permit.) In addition to the described NO_x compliance plan, each unit shall comply with all other applicable requirements of 40 CFR Part 76, including the duty to reapply for a NO_x compliance plan and requirements covering excess emissions.

This permit does not affect the source's responsibility to meet all other applicable local, state and federal requirements, including state requirements under 35 Ill. Adm. Code Part 217 Subpart W, which addresses NOx emissions from Hennepin Units 1 and 2.

If you have any questions regarding this permit, please contact Kunj Patel at 217/782-2113.

Page 3

Manager, Permits Section Division of Air Pollution Control

cc: Cecilia Mijares, USEPA Region V Dean Hayden, IEPA Region 2 This submission is: All New Rowsed



identify the source by plant name, State, and ORIS code.

STEP 1

Acid Rain Permit Application

For more information, see instructions and refer to 40 CFR 72 10 and 72.31

ORIS code.	Plant Name	-pair	State O	RIS Code 892
STEP 2		b		9
Enter the unit ID# for every affected unit at the affected source in column "a." For new units, enter the	Unit (Dø	Unit Will Hold Allowances in Assortance with 40 CFR 72.9(c)(1)	New Units Commence Operation Uses	New Units Montgr Capification Deading
requested information in	1	Yes		
	2	Yes		
		Yas		
		Yas		
		768		
		Yes		7
		Yes		
	1 - 2	Vas		
		Yes		
		Yes		
		Yes		
		Van		

Yes

Hennepin Plant Name (from Step 1)

STEP 3

standard roquirom

Permit Requirements

- The designated representative of each affected source and each affected unit at the source shall
- (i) Submit a complete Acid Rain permit application (including a compliance plan) under 40 CFR part 72 in accordance with the deadlines specified in 40 CFR 72.30; and
- (ii) Submit in a timely manner any supplemental information that the permitting authority determines is necessary in order to review an Acid Rain permit application and issue or dony an Aoid Rain permit;
- (2) The owners and operators of each affected source and each affected unit at the source shall:
 - (i) Operate the unit in compliance with a complete Acid Rain permit application or a superseding Acid Rain permit issued by the permitting authority; and
 - (ii) Have an Acid Rain Permit.

Monitoring Requirements

- The owners and operators and, to the extent applicable, designated representative of
- each affected source and each affected unit at the source shall comply with the monitoring requirements as provided in 40 CFR part 75.

 (2) The emissions measurements recorded and reported in accordance with 40 CFR part 75 shall be used to determine compliance by the unit with the Acid Rain emissions limitations and emissions reduction requirements for sulfur dioxide and nitrogen oxides
- under the Acid Rain Program.
 (3) The requirements of 40 CFR part 75 shall not affect the responsibility of the owners. and operators to monitor emissions of other pollutants or other emissions characteristics at the unit under other applicable requirements of the Act and other provisions of the operating permit for the source.

Sulfur Dioxide Requirements

- (1) The owners and operators of each source and each affected unit at the source shall: (i) Hold allowances, as of the allowance transfer deadline, in the unit's compliance subaccount (after deductions under 40 CFR 73.34(c)), or in the compliance subaccount of another affected unit at the same source to the extent provided in 40 CFR 73.35(b)(3), not less than the total annual emissions of sulfur dioxide for the previous calendar year from the unit; and (ii) Comply with the applicable Acid Rain emissions limitations for sulfur dioxide.
- (2) Each ton of sulfur dioxide emitted in excess of the Acid Rain emissions limitations for sulfur dioxide shall constitute a separate violation of the Act.
- (3) An affected unit shall be subject to the requirements under paragraph (1) of the sulfur
- dioxide requirements as follows:

 (i) Starting January 1, 2000, an affected unit under 40 CFR 72.6(a)(2); or

 (ii) Starting on the later of January 1, 2000 or the deadline for monitor certification under 40 CFR part 75, an affected unit under 40 CFR 72.6(a)(3).
- (4) Allowances shall be held in, deducted from, or transferred among Allowance Tracking
- System accounts in accordance with the Acid Rain Program.
 (5) An allowance shall not be deducted in order to comply with the requirements under paragraph (1) of the sulfur dioxide requirements prior to the calendar year for which the
- allowance was allocated. (6) An allowance allocated by the Administrator under the Acid Rain Program is a limited
- authorization to emit sulfur dioxide in accordance with the Acid Rain Program. No provision of the Acid Rain Program, the Acid Rain permit application, the Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.8 and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization.
- (7) An allowance allocated by the Administrator under the Acid Rain Program does not constitute a property right.

Hennepin Plant Name (from Step 1)

STEP 3, Cont'd.

Nitrogen Oxides Requirements The owners and operators of the source and each affected unit at the source shall comply with the applicable Acid Rain emissions limitation for nitrogen oxides.

Excess Emissions Requirements

The designated representative of an affected unit that has excess emissions in any colondar year chall cubmit a proposed offset plan, as required under 40 CFR part 77.
 The owners and operators of an affected unit that has excess emissions in any

(i) Pay without demand the penalty required, and pay upon demand the interest on that penalty, as required by 40 CFR part 77; and
 (ii) Comply with the terms of an approved offset plan, as required by 40 CFR part 77.

Recordkeeping and Reporting Requirements

(1) Unless otherwise provided, the owners and operators of the source and each affected unit at the source shall keep on site at the source each of the following documents for a period of 5 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 5 years, in writing by the Administrator or permitting authority:

(i) The certificate of representation for the designated representative for the source and each affected unit at the source and all documents that demonstrate the truth of the statements in the certificate of representation, in accordance with 40 CFR 72.24; provided that the certificate and documents shall be retained on site at the source beyond such 5-year period until such documents are superseded because of the submission of a new certificate of representation changing the designated representative:

(ii) All emissions monitoring information, in accordance with 40 CFR part 75, provided that to the extent that 40 CFR part 75 provides for a 3-year period for recordkeeping,

the 3-year period shall apply.
(iii) Copies of all reports, compliance certifications, and other submissions and all records made or required under the Acid Rain Program, and,

(iv) Copies of all documents used to complete an Acid Rain permit application and any other submission under the Acid Rain Program or to demonstrate compliance with the

requirements of the Acid Rain Program. (2) The designated representative of an affected source and each affected unit at the source shall submit the reports and compliance certifications required under the Add Roin Program, including those under 40 CFR part 72 subpart I and 40 CFR part 75.

Liability

- (1) Any person who knowingly violates any requirement or prohibition of the Acid Rain Program, a complete Acid Rain permit application, an Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.8, Including any requirement for the payment of any penalty. owed to the United States, shall be subject to enforcement pursuant to section 113(c) of
- (2) Any person who knowingly makes a false, material statement in any record, submission, or report under the Acid Rain Program shall be subject to criminal enforcement pursuant to section 113(c) of the Act and 18 U.S.C. 1001.

 (3) No permit revision shall excuse any violation of the requirements of the Acid Rain Program that occurs prior to the date that the revision takes effect.
- (4) Each affected source and each affected unit shall meet the requirements of the Acid Rain Program.

Hennepin Plant Name (from Step 1)

Step 3, Cont'd.

Liability, Cont'd.

(5) Any provision of the Acid Rain Program that applies to an affected source (including a provision applicable to the designated representative of an affected source) shall also apply to the owners and operators of such source and of the affected units at the source.

(6) Any provision of the Acid Rain Program that applies to an affected unit (including a (6) Any provision of the Acid Rain Program that applies to an affected unit (including a provision applicable to the designated representative of an affected unit) shall also apply to the owners and operators of such unit. Except as provided under 40 CFR 72.44 (Phase II repowering extension plans) and 40 CFR 76.11 (NO, averaging plans), and except with regard to the requirements applicable to units with a common stack under 40 CFR part 75 (including 40 CFR 75.16, 75.17, and 75.18), the owners and operators and the designated representative of one affected unit shall not be liable for any violation by any other affected unit of which they are not owners or operators or the designated representative and that is located at a source of which they are not owners or operators or the and that is located at a source of which they are not owners or operators or the designated representative.

(7) Each violation of a provision of 40 CFR parts 72, 73, 74, 75, 76, 77, and 78 by an affected source or affected unit, or by an owner or operator or designated representative.

of such source or unit, shall be a separate violation of the Act.

Effect on Other Authorities

No provision of the Acid Rain Program, an Acid Rain permit application, an Acid Rain permit, or an exemption under 40 CFR 72.7 or 72.8 shall be construed as: (1) Except as expressly provided in title IV of the Act, exempting or excluding the owners and operators and, to the extent applicable, the designated representative of an affected source or affected unit from compliance with any other provision of the Act, including the provisions of title I of the Act relating to applicable National Ambient Air Quality Standards or State Implementation Plans;

(2) Limiting the number of allowances a unit can hold; provided, that the number of allowances held by the unit shall not affect the source's obligation to comply with any other provisions of the Act;

(3) Requiring a change of any kind in any State law regulating electric utility rates and charges, affecting any State law regarding such State regulation, or limiting such State regulation, including any prudence review requirements under such State law;

(4) Modifying the Federal Power Act or affecting the authority of the Federal Energy Regulatory Commission under the Federal Power Act; or,

(5) Interfering with or impairing any program for competitive bidding for power supply in a State in which such program is established.

Certification STEP 4

Read the certification sign, and date

I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

Name James Dodson	
Signature Change Colon	Date (2/3/03
(mv. 10-01)	/

EPA Form 7610



Environmental Protection Agency Acid Rain Program

CMB No. 2000-0258

Phase II NO_x Compliance Plan Paper of For more information, see instructions and refer to 40 CFR 76.9 This submission is: New Revised Vermilion IL 897 ORIS Code 2 D# Т F. ×

	Hennepin Plant Name (from Step 1)					NO, Compliance - Page 2 Page 3 of 9	
STEP 2, cont'd.	1 IDN T	2 D# T	Cor.	Da	De	IDN .	
(ni) EPA-approved common stack apportunent method pursuals to 44 C/Ft 2,17 (a)(2)(4(C), (a)(2)(H)(B), or (b)(2	[]	П	П		0		
(n) AEL directude Phase II AEL Demonstration Period, Final AEL Buttler, or AEL Removal form as appropriate)	П	0	0	0	0	П	
(c) Petition for AEL demonstration period or final AEL under review by U.S. EPA demonstration period origing	_ []	0			0	0	
(c) Repowering extension pre- approved or under review		0	0	0	0	U	

STEP 3
Read the standard
requirements and
certification, enter the
name of the designate

Standard Requirements

General. This source is subject to the sundard requirements in 40 GPR 72.9 (consistent with 40 GPR 75 bong (1915). These requirements are listed in this source's Acid Rain Permit.

Special Provisions for Early Election Units

Nitrogen Giddes. A unit that is governed by an approved early election plan shall be subject to an emissions.
Emission for NO, as provided enter 46 CFR 76.6(a)(2) except as purches enter the 40 CFR 70 dept(2)(a).
Liability. This owners and operations of a surfig purvated by an approved early election plan shall be fable for any
evaluation of the plan or 40 CFR 78 if at that unit. The owners and operations shall be fable to any
evaluation of the plan or 40 CFR 78 if that unit. The owners and operations shall be fable, beginning January 1,
2000, for fulfilling the obligations specified in 40 CFR 76.77.
Termination. An approved early election plan fails to demonstrate originations with the earlier of January 1. 2008 or January 1 of the catendar year for which is termination of the plan below effect. If the designated representative of the unit
uniter an approved early election plan fails to demonstrate compliance with the applicable emissions initiation
uniter 40 CFR 76.5 for any year during the period beginning January 1 of the first year the early election laters
effect and ending December 31, 2007, the permitting authority will terminate the plan. The termination will take
effect the planing January 1 of the year of the year for whach ment is a fation to characteristic companion, and in
decipitated representative may not submit a new early election plan. The designated representative of the unit
uniter an approved early election plan is remineted the plan envy year prior to 2005 but may not submit a new
early election plan. In order to terminate the plan the designated representative must submit a notice under 40 CFR 75.7 (a) of thy January 1 of the year for which the termination is to take offer. If an early election plan is terminated on or after 2000.
The Phase II units with Group 1 beliefs under 40 CFR 75.7. If an early election plan is terminated on or after 2000.
The units with Group 1 beliefs under 40 CFR 75.7. If an early election plan is terminated on or after 2000. Il units with Group 1 Sollers under 40 GFR 78.7.

Certification

I am authorized to make this automission on behalf of the owners and operation of the affected source or affected units for which the automission is made. I certify under pensity of the time personally examined, and an familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of these ineviduals with primary responsibility for obtaining the information. Learly that the absorbers and information are to the best of my very-velocity and obtaining the information are to the best of my very-velocity and obtaining country, and completes. I an aware that there are significant population for submitting false statements and information, including the possibility of fine or impresonment.

Name	
some Clance Delan	000 /2/2/03



Phase II NO_x Averaging Plan

or more imormation, see instructions and refer to 49 CFR 76.11	Page 1
his submission is: 🕍 New 🔲 Revised	Page 1 of 2

STEP 1

identify the units participating in this averaging plan by plant name. State, and bother 10s from NADB. In column (a), fit in each unit's applicable emission limitation from 40 CFR 78.5, 78.5, 778.7, in column (b), seeign an alternative aternative confirmation (ACEL) in liu/mmBbu to each unit. In column (c), assign an annual heat input to each unit. Confirmation in membru to each unit. Confirmation in page 3 if neseesary.

State	IDV	Emasion Limitation	ACEL	tro Annual Heatinguittimi
IL	1	0.40	0.40	4,000,000
IL	2	0.45	0.40	15,000,000
IL	1	0.45	0.50	5,000,000
IL	2	0.45	0.50	7,000,000
	IL IL	IL 1 IL 2 IL 1	IL 1 0.40	State De

STEP 2

Use the formula to emer the Blu-weighted annual omiseion rate averaged over the units if they are operated in accordance with the proposed averaging plan and the stur-weighted annual average emission rate for the some units if they are operated in compliance with 40 CFR 76.5, 76.6, or 76.7. The former must be less than or equal to the latter.

Blu-weighted annual emission rate averaged over the units if they are operated in eccordance with the proposed averaging plan Blu-weighted annual average emission rate for same units operated in compliance with 40 CFR 78.5, 78.6 or 78.7 0.44 0.44 4 $(R_{Li} \times HI_i)$ $[R_{jj} \times RI_{j}]$ n 9, HI, Di HT. Where. Abernative contemporaneous annual emission limitation for unit i, in bimmBtu, as specified in column (b) of Step 1: Applicable emission limitation for unit i, in bimmBtu, as specified in column (a) of Step 1: Annual heat input for unit i, in mmBtu, as specified in column (c) of Step 1: Number of units in the averaging plan R. R, H .

	Transaction of the state of the
	Plant Name (from Step 1) NO, Averaging - Page :
TEP3	This plan is effective for calendar year 2005 through calendar year 2010
terk one of the two options and enter dates	unless notification to terminate the plan is given.
	Treat this plan as [] identical plans, each effective for one calendar year for the following
	calendar years and unless notification to terminate
	ane or more of these plans is given.
TEP 4	Special Provisions
ead the special	Emission Limitetions
rovisions and ertification, enter the ame of the designated	Each effected unit in an approved averaging plan is in compliance with the Acid Ruin emission limitation for NO under the plan only if the following requirements are met:
ign and date.	(i) For each unit, the unit's actual annual average emission rate for the calendar year, in bimmBit, is less than or equal to its atternative contemporaneous annual amission limitation in the averaging plan, and (a) For each unit with an alternative contemporaneous emission limitation less stringent than the applicable emission limitation in 40 CFR 76.5, 76.6, or 76.7, the actual annual heat input limit in the averaging plan. (b) For each unit with an alternative contemporaneous emission limitation more stringent than the applicable emission limitation more stringent than the applicable emission limitation in 40 CFR 76.8, or 76.7, the actual annual heatingut for the celender year is not tess than the annual heat input limit in the averaging plan, or (ii) fine or more of the initial shock not most fine requirements of (i), the designated representative chall demonstrate in accordance with 40 CFR 76.11(c)(1))((A) and (B), that the actual Bru weighted annual average emission rate for the units in the plan is less than or equal to the Bru weighted annual average rate for the same units heat the each been operated, during the same period of time, in compliance with the applicable emission limitations in 40 CFF 76.5, 76.6, or 76.7. (ii) There is a successful group showing of compliance under 40 CFR 76.11(d)(1)(i)(A) and (B) for a calendar year, than all units in the averaging plan shall be deemed to be in compliance for that year with their alternative contemporaneous emission limitations and annual heat liquit limits under (i). Liability The owners and operators of a unit governed by an approved averaging plan shall be liable for any violation of the plan or his socion at that unit or any other unit in the plan, including is bitly for fulfiling the obligations specified pan 77 of this chapter and sections 113 and 411 of the Act.
	Termination
	The designated representative may submit a notification to terminate an approved averaging plan, in accordance with 40 CFR 72.40[d], no later than October 1 of the calendar year for which the plan is to be terminated.
	Certification
	I am authorized to make this submission on behalf of the owners and operators of the affected source or affected units for which the submission is made. I certify under cenalty of law that I have personally examined, and an familiar with the statements and information submitted in this document and all its attachments. Besed on my inquiry of those incidents with primary responsibility for obtaining the information, I certify that the statements are information are to the best climly knowledge and belief thus, accurate, and complete. I am aware that there are significant penetries for submitting felse statements and information or oniting required statements and information including the possibility of fine or imprisumment.
	Name James Dodson

EPA Form 7610-29 (3-97)